

REGULAR COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, DECEMBER 12, 2011
7:00 P.M. – CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Monday, December 12, 2011. The following Council Members were present: Mayor Darrell Schneider, Rusty Taubert, John Moengen, Steve Roe and Dean Swanson. Also present were City Administrator Tom Swenson, Clerk/Treasurer Jenny Max, Community Development Director Ken Anderson, Police Chief Bob Hartman, Park and Recreation Director Jon Henke, General Manager Paul Hoge, City Attorney Mike Couri, City Engineer Dave Reese, Northland Press Reporter Paul Boblett and Echo Publishing Reporter Kate Perkins. Absent was Public Works Director Ted Strand. There were approximately ten people in the audience.

A. CALL TO ORDER – Mayor Schneider called the Regular Council Meeting to order at 7:00 P.M. MOTION 12R-01-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY DEAN SWANSON TO ACCEPT THE ADDITIONS TO THE AGENDA AS PRESENTED. MOTION CARRIED WITH ALL AYES.

B. CRITICAL ISSUES –

1. A Resolution Providing for the Issuance and Sale of \$4,310,000 General Obligation Refunding Bonds, Series 2012A and Pledging for the Security Thereof Special Assessments and Levying a Tax for the Payment Thereof was included in the packet for review. Monte Eastvold of Northland Securities addressed the Council regarding the refinance of three City bonds which include the 2003 Lease Revenue Bonds, 2003 Disposal System Bonds and the 2004 Improvement Project Bonds. The City was recently rated for the first time by Moodys and received an Aa3 rating which is excellent for a city of Crosslake's size. Mr. Eastvold noted that some of the reasons behind the high rating were due to sound financial operations, ample reserves, modest budget and low reliance on state aid. Mr. Eastvold noted he typically sees a comparable sized city rated at an A or A-. Mr. Eastvold reviewed the projected savings of the refunding to be approximately \$382,000. If the City chose to refund the bonds without being rated, the savings projection would have been approximately \$270,000. It was noted the cost to get an initial rating was well worth it to receive a much lower interest rate and therefore an increase in savings on debt service. The State of Minnesota requires at least a 3% savings in order to qualify for a bond refunding and Mr. Eastvold noted the City's savings will be approximately 6.5%. The new average interest rate for the refunding will be approximately 2.16% whereas the old interest rates were in the 3-4% range. Approval of the Resolution will send the bonds to the marketplace and also create the escrow fund necessary for the bond closing. The scheduled date of closing is January 18, 2012 and Mr. Eastvold noted he will be in touch with the staff on the next steps. Following discussion, MOTION 12R-02-11 WAS MADE BY DEAN SWANSON AND SECONDED BY JOHN MOENGEN TO APPROVE RESOLUTION NO. 11-23 PROVIDING FOR THE ISSUANCE AND SALE OF \$4,310,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012A AND PLEDGING FOR THE

SECURITY THEREOF SPECIAL ASSESSMENTS AND LEVYING A TAX FOR THE PAYMENT THEREOF. MOTION CARRIED WITH ALL AYES.

MOTION 12R-03-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY RUSTY TAUBERT TO APPROVE THE ESCROW AGREEMENT. MOTION CARRIED WITH ALL AYES.

MOTION 12R-04-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE THE BOND PURCHASE AGREEMENT WITH NORTHLAND SECURITIES. MOTION CARRIED WITH ALL AYES.

Councilmember Swanson thanked City Administrator Swenson, Clerk/Treasurer Max and Northland Securities for their hard work in getting these cost savings for the City.

C. CONSENT CALENDAR – MOTION 12R-05-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY DEAN SWANSON TO APPROVE THE FOLLOWING ITEMS LISTED ON THE CONSENT CALENDAR: (1.) REGULAR COUNCIL MEETING MINUTES OF NOVEMBER 14, 2011; (2.) SPECIAL COUNCIL MEETING MINUTES OF NOVEMBER 21, 2011; (3.) CROSSLAKE COMMUNICATIONS – BALANCE SHEET AND INCOME STATEMENT/DETAIL OF RESERVE BALANCES DATED SEPTEMBER 31, 2011; (4.) CITY MONTH END REVENUE REPORT DATED OCTOBER 2011; (5.) CITY MONTH END EXPENDITURE REPORT DATED OCTOBER 2011; (6.) PLEDGED COLLATERAL REPORT DATED 12/6/11 FROM JENNIFER MAX; (7.) LAKES STATE BANK PLEDGE REPORT DATED NOVEMBER 2011; (8.) FRANSEN BANK & TRUST PLEDGE REPORT DATED NOVEMBER 2011; (9.) BLACKRIDGE BANK PLEDGE REPORT DATED NOVEMBER 2011; AND (10.) RIVERWOOD BANK PLEDGE REPORT DATED NOVEMBER 2011. MOTION CARRIED WITH ALL AYES.

D. MAYOR'S REPORT –

1. Mayor Schneider noted that all Personnel reviews have been completed with one exception.
2. Alden Hardwick of the PAL Foundation spoke regarding the fireworks. The PAL Foundation has been asked to help in the solicitation of donations for the fireworks and Mr. Hardwick noted the PAL Foundation has agreed to accept donations and keep them in a dedicated account. Those who wish to donate towards the fireworks will have a tax deductible donation since the PAL Foundation is a non-profit organization. Mr. Hardwick noted that the fireworks have a wonderful history and the PAL Foundation felt by doing this small part they can give back to the local businesses who have been so generous with the other many events that PAL supports. Mr. Hardwick hopes the funding is community-wide and not just left to the businesses.

Jessica Eide of the PAL Foundation was also present and noted the fireworks have been a 43 year old tradition. The many visitors and residents of Crosslake look forward to this event and the next meeting is on January 24th at 5:30 P.M. at Moonlite Bay. Anyone who has fundraising ideas is welcome to attend.

Pat Netko thanked the PAL Foundation for their efforts and is thrilled with the community effort thus far. Ms. Netko thanked the Council for their past consideration of \$2,000 towards fireworks for the 2012 budget and questioned if there was any further discussion on the remaining \$3,000. Mayor Schneider noted the Council will discuss the fireworks with the next agenda item.

E. PUBLIC FORUM – None.

F. CITY ADMINISTRATOR'S REPORT –

1. City Administrator Swenson stated that on December 5, 2011 the City held a Public Information Meeting regarding the Proposed 2012 Budget and Tax Levy. This meeting was posted in four locations as required by MN Statute and individual statements were mailed to property owners by Crow Wing County. In addition to all Councilmembers and Staff, thirteen individuals attended the hearing. At the hearing, handouts were available detailing the proposed 2012 Budget and 2011/Collectible 2012 Tax Levy. No correspondence was received by the City and only one attendee addressed the Council with a concern in regards to the fireworks. Administrator Swenson noted that per the Council's request the Public Works Capital Outlay Road Construction Account was decreased by \$2,000 and the fireworks account was increased to \$2,000. Mayor Schneider asked if the Council would like to discuss the fireworks any further. Councilmember Swanson noted he would like to see the results of the fundraising efforts before committing more City funds to the event. Mayor Schneider noted he has never seen such enthusiasm from the public before and would like the City to do what it can to help make the 2012 fireworks happen. There being no further discussion, MOTION 12R-06-11 WAS MADE BY STEVE ROE AND SECONDED BY JOHN MOENGEN TO ALLOCATE A TOTAL OF \$5,000 FOR THE 2012 FIREWORKS AND REDUCE THE BUDGET FROM THE PUBLIC WORKS CAPITAL OUTLAY ROAD CONSTRUCTION ACCOUNT FROM \$120,000 TO \$115,000. MOTION CARRIED 3:2 WITH COUNCILMEMBERS SWANSON AND TAUBERT OPPOSED.

MOTION 12R-07-11 WAS MADE BY DEAN SWANSON AND SECONDED BY STEVE ROE TO APPROVE RESOLUTION NO. 11-24 APPROVING THE 2011 TAX LEVY COLLECTIBLE IN 2012 IN THE AMOUNT OF \$2,709,916. MOTION CARRIED WITH ALL AYES. Approval of the revenue and expenditure budgets was requested. MOTION 12R-08-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE THE 2012 REVENUE BUDGET IN THE AMOUNT OF \$3,782,234 AND THE 2012 EXPENDITURE BUDGET IN THE AMOUNT OF \$3,782,234. MOTION CARRIED WITH ALL AYES.

2. City Bills for Approval – MOTION 12R-09-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE THE BILLS FOR PAYMENT FOR DECEMBER AS SUBMITTED IN THE AMOUNTS OF \$66,550.71 AND \$7,571.01. MOTION CARRIED WITH ALL AYES.
3. A memo from City Administrator Swenson requested a special meeting for conducting year-end business. MOTION 12R-10-11 WAS MADE BY DEAN SWANSON AND SECONDED BY STEVE ROE TO SET A SPECIAL COUNCIL MEETING FOR

DECEMBER 21, 2011 AT 9:00 A.M. AT CITY HALL. MOTION CARRIED WITH ALL AYES.

4. A memo from Clerk Max requested approval to release 90% of the incremental tax revenue received from the County for Golden Horizons. The amount to be released to the Developer is \$7,089.92. MOTION 12R-11-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO AUTHORIZE THE RELEASE OF \$7,089.92 IN TIF TO GOLDEN HORIZONS FOR THE SECOND HALF TAX SETTLEMENT RECEIVED FROM CROW WING COUNTY. MOTION CARRIED WITH ALL AYES.
5. A memo from Clerk Max requested approval to release 90% of the incremental tax revenue received from the County for Crosswoods Development. The amount to be released to the Developer is \$8,970.03. MOTION 12R-12-11 WAS MADE BY DEAN SWANSON AND SECONDED BY STEVE ROE TO AUTHORIZE THE RELEASE OF \$8,970.03 IN TIF TO CROSSWOODS DEVELOPMENT FOR THE SECOND HALF TAX SETTLEMENT RECEIVED FROM CROW WING COUNTY. MOTION CARRIED WITH ALL AYES.
6. An engagement letter dated November 28, 2011 from LarsonAllen regarding the audit of the 2011 financial statements was included in the packet for Council review. MOTION 12R-13-11 WAS MADE BY DEAN SWANSON AND SECONDED BY STEVE ROE TO APPROVE LARSON ALLEN AS THE CITY AUDITOR FOR THE AUDIT OF THE 2011 FINANCIAL STATEMENTS AT AN ESTIMATED COST OF \$25,000. MOTION CARRIED WITH ALL AYES.
7. A memo dated December 12, 2011 from City Administrator Swenson and Clerk Max regarding a Fund Balance Policy was included in the packet for Council review. For the year ended December 31, 2011, the City is required to adopt GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Administrator Swenson noted the policy is standard language that needs to be adopted by the City Council prior to year-end. The policy was also reviewed by LarsonAllen. MOTION 12R-14-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE THE FUND BALANCE POLICY FOR THE CITY OF CROSSLAKE AS PROPOSED. MOTION CARRIED WITH ALL AYES.
8. A memo dated December 12, 2011 from Clerk Max regarding Minnesota Comp Advisor Contract Renewal was included in the packet for Council review. Administrator Swenson noted MN Comp Advisor works with the City and Crosslake Communications to help manage workers compensation claims and the Council is requested to renew the contract for 2012. The cost will be split evenly between the City and Crosslake Communications. MOTION 12R-15-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY RUSTY TAUBERT TO APPROVE THE CONTRACT RENEWAL BETWEEN MN COMP ADVISOR AND THE CITY OF CROSSLAKE FOR 2012 AT A COST OF \$5,000. MOTION CARRIED WITH ALL AYES.
9. A letter dated November 22, 2011 from the Department of the Army, Corps of Engineers regarding authorization to execute a snowmobile trail license was included in the packet for Council review. Administrator Swenson noted the renewal is for five years ending in November 2016. MOTION 12R-16-11 WAS MADE BY DEAN SWANSON AND SECONDED BY JOHN MOENGEN TO AUTHORIZE CITY ADMINISTRATOR SWENSON TO EXECUTE THE SNOWMOBILE TRAIL LICENSE WITH THE

DEPARTMENT OF THE ARMY, CORPS OF ENGINEERS. MOTION CARRIED WITH ALL AYES.

10. A memo dated December 12, 2011 from Jenny Max regarding Landscape Contractors/Excavators Licenses was included in the packet for Council review. MOTION 12R-17-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY RUSTY TAUBERT TO APPROVE ISSUANCE OF A LANDSCAPE CONTRACTORS/EXCAVATORS LICENSE TO SHAWN WAGEMEN EXCAVATING. MOTION CARRIED WITH ALL AYES.
11. Included in the packet for Council information was a memo dated December 12, 2011 from Jenny Max regarding the 2011 approved landscape contractors/excavators.

G. COMMISSION/DEPARTMENT REPORTS –

1. PARK AND RECREATION/LIBRARY –

- a. A memo from Jon Henke and Ken Anderson regarding review of a building encroachment into the Manhattan Drive right-of-way and to consider proposals for preparation of a certificate of survey was included in the packet for Council review. Mr. Henke noted that during a routine inspection by the Planning and Zoning staff, a potential building encroachment was noted in the right-of-way of Manhattan Drive by a property owner(s) located on the east side of Manhattan Drive. Staff has reason to believe that an existing guest house structure is located within the Manhattan Drive right-of-way. A review of the files shows that no zoning permits are of record or have been issued for the guest house structure. It appears the structure has been in place for some time. The persons using the property/structure have been placing docks and lifts into Big Trout Lake from the Manhattan Drive right-of-way. The City Code prohibits the use and private improvements located within public lake access right-of-ways. Mr. Anderson showed the Council photos of the structure and noted it is a small cabin with electricity and close to the water. In order for the City to move forward it is necessary to obtain a certificate of survey to confirm that the structure is indeed in the right-of-way. Attorney Couri noted that a City cannot lose a right-of-way unless it has taken affirmative action to lose it or has known about the issue for too long a time. Mr. Anderson noted the City received two proposals for professional land surveying services. One proposal was from Stonemark Land Surveying for \$1,300 and the other proposal was from WSN for \$1,500. Following discussion, MOTION 12R-18-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY DEAN SWANSON TO ACCEPT THE PROPOSAL FROM STONEMARK LAND SURVEYING, INC. FOR PROFESSIONAL LAND SURVEYING SERVICES FOR THE NOT TO EXCEED FEE OF \$1,300. MOTION CARRIED WITH ALL AYES.
- b. Park Director Jon Henke reported that the Community Center offers aerobics on Mondays, Tuesdays and Thursdays at 9:00 A.M. A new Latin dance class has also started and takes place on Tuesday nights from 5:00 – 6:00 P.M. Staff is recommending payment of \$800 to Jim Beeman for the Book Bins that were made for the children's section. The money to cover the cost will come from the memorial funds received by the City for the Jim Stevenson family. MOTION 12R-19-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY RUSTY TAUBERT TO AUTHORIZE PAYMENT OF \$800 FOR THE BOOK BINS WITH THE MONEY

COMING FROM DONATIONS RECEIVED FOR THE STEVENSON FAMILY. MOTION CARRIED WITH ALL AYES. Tim and Cindy Roggenkamp will perform on Wednesday, December 21st at 1:00 P.M. at the Community Center. The two have been entertaining audiences for more than 30 years and will feature country and bluegrass music as well as some holiday selections. The new Library drop box has been extremely popular and has added to the convenience of library use. Library cards are required when checking out materials or using the Library computers but the Library policy has been adjusted to accept a photo ID in rare circumstances. Senior meals take place at the Community Center Monday through Friday at 11:30 A.M. Interested participants must call by 4:00 P.M. the day before to make a reservation. Mr. Henke recommended Council approval of two donations from the PAL Foundation. Both donations are related to expenses incurred for the Crosslake Monster Dash and are for \$1,416.62 and \$10.72. MOTION 12R-20-11 WAS MADE BY STEVE ROE AND SECONDED BY RUSTY TAUBERT TO ACCEPT TWO DONATIONS FROM THE PAL FOUNDATION IN THE AMOUNTS OF \$1,416.62 AND \$10.72. MOTION CARRIED WITH ALL AYES. The Community Center offers an array of fitness equipment and is open seven days a week. Day passes and memberships are available. Chautauqua will not meet in December or January. Attendance for the Community Center for the month of November was 4,715 and for the Library was 2,117. AAA is sponsoring a senior driving 4-hour refresher class on December 15th from 9:00 A.M. to 1:00 P.M. The Community Center is once again open seven days a week but will be closed for the Christmas holiday. The Ski/Snowshoe Club will be setting a date for a meeting in December to discuss ideas for the upcoming months. Please contact the Community Center if you are interested in getting more information about the Club. A new volleyball league session started on November 30th. The group meets Wednesday evenings from 6:15 to 8:45 P.M. Cost to participate is \$17 for ten weeks. The Community Center will have a dumpster delivered to the Picnic Shelter the week before Christmas for Christmas tree disposal and will be available until early January. Mr. Henke noted special thanks go out to Waste Partners for providing this service.

- c. The Crosslake Park/Library Commission Meeting Minutes of September 28, 2011 was included in the packet for Council information.

2. PLANNING AND ZONING –

- a. The Planning and Zoning Commission/Board of Adjustment Regular Meeting Minutes and Public Hearing of October 28, 2011 were included in the packet for Council information.
- b. The November 2011 Permit Summary was included in the packet for Council information. The year-to-date valuation for 2011 is \$5,658,934 which is up from the previous year.
- c. A memo dated December 12, 2011 from the Planning and Zoning Commission regarding the Planning and Zoning Commission Meeting Schedule for 2012 was included in the packet for Council review. MOTION 12R-21-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY RUSTY TAUBERT TO APPROVE THE PLANNING AND ZONING COMMISSION MEETING SCHEDULE FOR 2012 AS PRESENTED. MOTION CARRIED WITH ALL AYES.

- d. A memo dated December 12, 2011 from Ken Anderson regarding Teri-Jo Flynn-Gammon's request to refund the application for metes and bounds subdivision 2005-011 was included in the packet for Council review. Mr. Anderson noted Ms. Flynn-Gammon is unable to attend the meeting and requested the Council postpone discussion on this item until the January meeting. It was the consensus of the Council to discuss this item at the January 2012 regular Council meeting.
- e. A memo dated December 12, 2011 from the Planning and Zoning Commission regarding Zoning Map Amendment 2011-015 Roger Roy dba Crosstech Manufacturing and Bandit Properties, LLC to rezone three parcels of property from commercial to light industrial was included in the packet for Council review. Mr. Anderson noted the Planning and Zoning Commission conducted a public hearing on the proposed zoning map amendment which is intended to change the existing zoning classification for a future expansion of Crosstech Manufacturing from C, commercial to I-1, light industrial. The proposed change is consistent with the adopted Comprehensive Plan and will allow Crosstech Manufacturing to expand the existing facility on two parcels fronting on County Road 3 where the former car wash and an existing single family dwelling are located, subject to approval of a conditional use permit. No application has been submitted for a conditional use permit or expansion of the existing facility. MOTION 12R-22-11 WAS MADE BY DEAN SWANSON AND SECONDED BY STEVE ROE TO APPROVE ORDINANCE AMENDMENT NO. 302 AMENDING THE ZONING MAP FOR CROSSTECH MANUFACTURING. MOTION CARRIED WITH ALL AYES.
- f. A memo dated December 12, 2011 from Bryan Hargrave and Ken Anderson regarding review of the FEMA Preliminary Flood Insurance Rate Map (FIRM) Update for the National Flood Insurance Program (NFIP) was included in the packet for Council review. Mr. Anderson noted that FEMA is updating their flood maps which contain information dating back to the 1960s. The new information is more accurate and gives much more precision as to identifying properties that are in a flood plain. The new map is based upon two-foot contour data that was obtained in an ariel flight in May of 2007. The benefit to this is for property owners who are being incorrectly shown in the flood plain will now be able to save money on homeowner's insurance. Mr. Hargrave illustrated to the Council some of the work he has been doing by showing the preliminary map and noting some of the 283 elevation/boundary revisions he has identified. Following discussion, Mr. Anderson requested the Council approve the submittal of the suggested map revisions to the Minnesota DNR and FEMA. MOTION 12R-23-11 WAS MADE BY DEAN SWANSON AND SECONDED BY STEVE ROE TO AUTHORIZE PLANNING AND ZONING STAFF TO SUBMIT THE SUGGESTED MAP REVISIONS TO THE MINNESOTA DNR AND FEMA. MOTION CARRIED WITH ALL AYES. Councilmember Roe said that this kind of information means a lot to the citizens and is very important to future development. The Council thanked Mr. Hargrave for all his work on this project.

3. PUBLIC WORKS/CEMETERY/SEWER –

- a. The October 2011 Wastewater Treatment Discharge Monitoring Report was included in the packet for Council information.

- b. An email dated December 1, 2011 from the Crow Wing County Engineer regarding drafting a letter of support for left turn lanes at the intersection of CSAH 103/36 and CSAH 3 was included in the packet for Council review. City Administrator Swenson noted that he received an email from Rob Hall noting the County's intent to apply for Local Road Improvement Funding to help with the cost of adding left turn lanes for the CSAH 3 road improvement project scheduled for 2012. Mr. Hall is requesting the City author a letter addressing safety concerns, the need for the improvements and any other pertinent information. Administrator Swenson noted this project will not include a cost share for the City. MOTION 12R-24-11 WAS MADE BY DEAN SWANSON AND SECONDED BY JOHN MOENGEN TO AUTHORIZE CITY STAFF TO SEND A LETTER OF SUPPORT TO CROW WING COUNTY ENGINEER ROB HALL IN REGARDS TO THE CSAH 3 ROAD PROJECT SCHEDULED FOR 2012. MOTION CARRIED WITH ALL AYES.

4. PUBLIC SAFETY –

- a. Chief Hartman reported 137 calls in Crosslake for November.
- b. Chief Hartman reported 17 calls in Mission Township for November.
- c. A memo dated 12/12/2011 from Chief Hartman regarding the Crosslake Police Department Policy update was included in the packet for Council review. Chief Hartman noted that he has been working on updating the Police Department Policy Manual. Completion of the manual brings all of the POST requirements up to date and has been reviewed by the Teamsters union representative as well. MOTION 12R-25-11 WAS MADE BY DEAN SWANSON AND SECONDED BY STEVE ROE TO APPROVE THE CROSSLAKE POLICE DEPARTMENT POLICY AS PRESENTED. MOTION CARRIED WITH ALL AYES.
- d. The November 2011 North Ambulance Run Report was included in the packet for Council information.
- e. The Crosslake Fire Department responded to 24 calls in November. Of those, 16 were medical calls, 3 were structure fires, 1 was a fire alarm, 1 was a chimney fire and three were cancelled.

5. CROSSLAKE COMMUNICATIONS –

- a. Crosslake Communication's Bills for Approval – MOTION 12R-26-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY RUSTY TAUBERT TO APPROVE THE OCTOBER 2011 BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$247,736.99. MOTION CARRIED WITH ALL AYES.
- b. General Manager Paul Hoge presented the 2012 Budget for Crosslake Communications. Mr. Hoge reviewed the 2012 budget for Administrative Services, Telephone Operations, Cable Vision Operations and Internet Operations. Total Operating Revenues for 2012 are projected at \$3,442,375 and total Operating Expenses are projected at \$3,745,240 for a net loss of \$302,865. This loss includes operating transfers to the City of \$277,500. MOTION 12R-27-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY RUSTY TAUBERT TO APPROVE THE 2012 BUDGET FOR CROSSLAKE COMMUNICATIONS AS PRESENTED. MOTION CARRIED WITH ALL AYES.

- c. The Highlights Report for November was included in the packet for Council review. Paul Hoge reminded everyone that the monthly Crosslake Communiqué newsletter is a great resource to keep current on many of the rate increases that the company is experiencing from the major networks. Online bill pay is now available for customers who wish to pay their bills via credit card. Go to www.crosslake.net and click on Online Bill Pay. Mr. Hoge also noted the Advisory Board recommends approval of Jim Talbott as an Advisory Board member to replace Armond Gease who is completing his second term. Mayor Schneider noted he will take that into consideration when he makes his Commission appointment recommendations in January 2012.
- d. The Crosslake Communications Meeting Minutes of November 29, 2011 were included in the packet for Council information.
- f. The Crosslake Communications Customer Counts Report was included in the packet for Council information.

6. PERSONNEL COMMITTEE –

- a. A memo dated December 12, 2011 from the Personnel Committee regarding a recommendation to approve the proposed IBEW Collective Bargaining Agreement was included in the packet for Council approval. Administrator Swenson noted the proposed Agreement contains annual increases in the pay schedule of 0.00%/1.25%/1.50% plus a \$5.00 increase in deferred compensation starting in year one for contract years 2012-2014. The Agreement is for three years and runs from January 1, 2012 through December 31, 2014. The Union has met and voted to accept the Agreement as presented. MOTION 12R-28-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE THE 2012-2014 IBEW COLLECTIVE BARGAINING AGREEMENT AS PRESENTED. MOTION CARREID WITH ALL AYES.

7. RECYCLING –

- a. The Crosslake Rolloff Recycling Report for September, October and November 2011 was included in the packet for Council information

8. ECONOMIC DEVELOPMENT AUTHORITY –

- a. The next EDA meeting will be held on Wednesday, December 14th at 8:30 A.M. at City Hall.

H. CITY ATTORNEY REPORT –

- 1. The City Attorney Report dated December 12, 2011 was included in the packet for Council information. Attorney Couri noted that a complaint has been filed with the State alleging that four City employees have been practicing land surveying without a license. Attorney Couri noted that he does not see much becoming of this issue but will keep the Council informed of the outcome.

I. OLD BUSINESS – None.

J. NEW BUSINESS – None.

K. PUBLIC FORUM – None.

L. ADJOURN – MOTION 12R-29-11 WAS MADE BY STEVE ROE AND SECONDED BY JOHN MOENGEN TO ADJOURN THIS REGULAR MEETING AT 9:28 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,

A handwritten signature in black ink, appearing to read "Jennifer Max", written in a cursive style.

Jennifer Max
Clerk/Treasurer

Deputy Clerk/Minutes/12-12-11

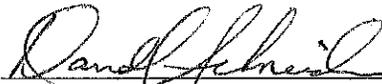
RESOLUTION NO. 11-24
RESOLUTION APPROVING 2011 TAX LEVY
COLLECTIBLE IN 2012

Be it resolved by the Council of the City of Crosslake, County of Crow Wing, Minnesota, that the following sums of money be levied for the current year, collectible in 2011, upon taxable property in the City of Crosslake, for the following purposes:

General Property Tax Levy	2,008,604
Debt Service Tax Levy	18,820
Emergency Services Center	50,883
2001 Series A	34,155
2002 Series A	24,000
2003 Joint Facility Levy	111,262
2003 Series A Disposal	220,400
2004 Series A	109,046
2006 Series B	<u>132,746</u>
Total Levy	2,709,916

The City Administrator is hereby instructed to transmit a certified copy of this resolution to the County Auditor of Crow Wing County, Minnesota.

Adopted by the City Council on December 12, 2011.



Darrell Schneider
Mayor



Thomas N. Swenson
City Administrator

BILLS FOR APPROVAL
December 12, 2011

VENDORS	DEPT		AMOUNT
Ace Hardware, pvc cap	PW		2.98
Ace Hardware, car bulb	P&R		2.98
Ace Hardware, lopper, cloth	P&R		32.04
Ace Hardware, fan	PW		64.00
Ace Hardware, fuse holder	PW		2.98
Ace Hardware, metal creeper	PW		21.36
Ace Hardware, net to remove fish from pond	P&R		4.02
Ace Hardware, tail lite	PW		9.07
Ace Hardware, keys	P&R		6.38
Ace Hardware, christmas lights	Gov't		170.31
Ace Hardware, drill bits, bolts	P&R		8.86
Ameripride, mats	PW		105.53
AW Research, water test	Sewer		113.40
AW Research, water test	Sewer		113.40
AW Research, water test	Sewer		113.40
Beaman Woodworking, book bins	Library		800.00
Brainerd Overhead Door, annual service	PW/Fire		617.61
Chief Supply, uniform	Police		66.48
City of Crosslake, sewer utilities	PW/Gov't		108.00
Council #65, union dues	ALL		550.00
Couri & Ruppe, legal fees	ALL		3,176.25
Crosslake Communications, phone, fax, dsl, cable, computer	ALL		2,588.92
Crosslake Rolloff, recycling	Gov't		2,695.00
Crosslake Sheetmetal, blower motor	Gov't		679.65
Crow Wing Auto Body, door repair	Police		336.00
Crow Wing County Highway Dept, fuel	ALL		4,032.40
Crow Wing County Recorder, filing fees for 3 resolutions	P&Z/Admin		598.00
Cummins Npower LLC, generator service	ALL	pd 11-15	762.02
Cuyuna Regional Medical Center, emt basic refresher	Fire		275.00
Dacotah Paper, cups, tissue, towels, soap	P&R		316.85
Darrell Schneider, reimburse mileage	Council		29.41
Deferred Comp	ALL		226.92
Delta Dental, dental insurance	ALL		1,666.65
Digital Ally, battery packs	Police		67.50
Don Kosloski, reimburse mileage	Fire		145.88
Donna Keiffer, aerobics session #12	P&R		198.36
Donna Keiffer, latin exercise class	P&R		66.12
Erik Lee, reimburse mileage	Police		135.42
Essentia Health, drug test	Sewer		25.00
Essentia Health, drug test	P&R		25.00
Fire Relief Assn, reimburse for 50% of compressor	Fire		243.28
Fortis, disability	ALL		509.88
GLS Promotions, plaques	Gov't		165.75
Guardian Pest Solutions, pest control	ALL		85.50
Heartland Tire, tires	PW		1,032.14

Jenny Max, reimburse mileage	Admin		97.68
Lakeside Glass, windshield repair	Police		60.00
Marco, copier lease	ALL	pd 11-21	414.72
Marco, staples	P&Z/Admin		70.04
Marsden, office cleaning	PW		647.66
Martin Communications, siren speaker	Fire		629.33
Mastercard, AICPA, audit and accounting courses	Admin		364.15
Mastercard, Expressions, uniform	PW		111.00
Mastercard, Fleet Farm, uniform	Sewer		125.96
Mastercard, Fleet Farm, uniform	PW		173.53
Mastercard, Fleet Farm, uniform	Sewer		44.98
Mastercard, Office Max, paper, calendar, markers	Library		45.35
Mastercard, travel expenses	Police		78.64
MCAA, notice of seizure forms	Police		51.31
MCFOA, certification application	Admin		35.00
Medica, health insurance	ALL		29,343.21
MN Benefits	Admin	pd 12-1	176.42
MN Life, life insurance	ALL		481.00
Moonlite Square, batteries	Fire		33.28
NCPERS-Life Insurance	ALL		160.00
North Ambulance, subsidy	Ambulance	pd 12-1	1,103.00
North Memorial, first responder refresher	Fire		180.00
Northern Lakes Embroidery, basketball uniforms	P&R		88.00
Northland Press, window envelopes	Admin		52.33
Northwood Turf and Power, winter/summer grade, lockblade	PW		52.50
Parts City, 12v battery	PW		120.68
Peoples Security, annual monitoring	P&R		269.20
PERA	ALL		N/A
Provident Life & Accident, annual premium	Admin		736.40
Reed's Market, coffee	Gov't		23.62
State and Federal Taxes	ALL		N/A
Teamsters Local Union #346, union dues	Police	pd 12-5	178.00
Terry Kinkaid, reimburse for uniform	P&R		117.92
The Office Shop, cd's, marker, envelopes	Police		55.34
The Office Shop, copy paper	P&Z/Admin		199.76
The Office Shop, prong fasteners	P&Z		13.32
The Office Shop, ink cartridge	Admin		34.19
The Office Shop, ink cartridges	P&Z/PW		90.06
The Office Shop, batteries, binders, report covers, tabs	Admin		204.56
The Office Shop, calendars	Admin		37.19
Tom Swenson, vehicle expense	Admin	pd 12-1	400.00
Triangle Oil, diesel fuel	PW		43.36
Turner Towing, towing of jeep	Police		101.45
Uniforms Unlimited, uniform	Police		329.49
Uniforms Unlimited, uniform	Police		70.62
Uniforms Unlimited, uniform	Police		96.04
Verizon, air card charges and cell phone charges	ALL		577.47
Waste Partners, trash removal	ALL		248.19
Watt Automotive, mount and balance tires	Police		33.85
Whitefish Auto, oil change, mount and balance tires	Police		84.76
Whitefish Auto, oil change, mount and balance tires	Police		84.76

ADDITIONAL BILLS FOR APPROVAL
December 12, 2011

VENDOR	DEPT	AMOUNT
Chemsearch, brilliance aerosol	PW	162.59
Clean Team, december cleaning	Gov't	756.14
Crosslake Communications, reimburse for audit expense	Gov't	82.00
Crow Wing Power, electric service	ALL	6,215.54
Culligan, water and cooler rental	PW/Gov't	51.25
Holiday Station, fuel	P&R	2.56
Mastercard, Fleet Farm, thermostat control, portable heater	Sewer	28.43
Mike Amsden, reimburse for uniform expense	PW	184.33
Winners Trophy & Engraving, plaques	P&R	88.17
		7,571.01

CROSSLAKE TELEPHONE COMPANY

Accounts Payable

Check Register

10/01/2011 To 10/31/2011

1 of 2

G.5.a.

Check	Date	Vendor Name	Reference	Amount
83	10/11/2011	CITY OF CROSSLAKE (SEWER)	SEPTEMBER SEWER	36.00
84	10/11/2011	INTERNAL REVENUE SERVICE	OCTOBER EXCISE TAX	1,008.25
98	10/14/2011	INTERNAL REVENUE SERVICE	FED W/H, FICA, MEDICARE	6,432.53
99	10/14/2011	PERA	PERA EE & ER	3,868.71
100	10/14/2011	MINNESOTA DEPT OF REVENUE	MN WITHHOLDING	1,198.07
101	10/14/2011	ING-DEFERRED COMP	DEFERRED COMP	2,316.92
115	10/28/2011	INTERNAL REVENUE SERVICE	FED, FICA, MEDICARE EE & ER	7,244.85
116	10/28/2011	PERA	PERA EE & ER	3,909.54
117	10/28/2011	MINNESOTA DEPT OF REVENUE	MN WITHHOLDING	4,010.23
118	10/28/2011	ING-DEFERRED COMP	DEFERRED COMP	2,316.92
119	10/26/2011	CROW WING POWER	ELECTRIC SERVICE	4,649.29
120	10/26/2011	MINNESOTA DEPT OF REVENUE	SALES & USE TAX	12,763.55
26807	10/11/2011	HOUSTON FORD	ALIGNMENT & ROTATION	84.97
26808	10/11/2011	MINNESOTA TELECOM ALLIANCE	FALL CONFERENCE REGISTRATION DEBBY & CYNDI	150.00
26809	10/11/2011	CROSSLAKE ROLLOFF	OCTOBER/NOVEMBER DIRECTORY RECYCLE	110.00
26810	10/11/2011	GOPHER STATE ONE CALL	LOCATES	127.60
26811	10/11/2011	ONVOY VOICE SERVICES	SS7 SERVICE, OPER SERV, 0264 & 6264, LAKES LD	11,074.90
26812	10/11/2011	UNITED PARCEL SERVICE	WEEKLY SERVICE & MISC SHIPPING	155.83
26813	10/11/2011	CROSSLAKE COMMUNICATIONS	PHONE SERVICE, COMM CTR VOICE MAIL	957.99
26814	10/11/2011	CITY OF CROSSLAKE	HEARING TESTS, OPERATING TRANSFER	21,768.33
26815	10/11/2011	CITI LITES INC	LOCATES	1,499.41
26816	10/11/2011	THE OFFICE SHOP INC.	INK CARTRIDGES-P HOGE	77.98
26817	10/11/2011	XCEL ENERGY	SEPTEMBER NATURAL GAS	65.14
26818	10/11/2011	IKON OFFICE SOLUTIONS	COPIER MAINT 9/23-10/22	261.35
26819	10/11/2011	AMERIPRIDE LINEN & APPAREL	RUG & TOWEL SERVICE	97.69
26820	10/11/2011	PETTY CASH	REFLENISH PETTY CASH	225.93
26821	10/11/2011	MINNESOTA 9-1-1 PROGRAM	911, TAP, & TAM	1,760.06
26822	10/11/2011	NATIONAL CABLE TELEVISION COOP	6 EA DCX700 HD SET-TOP BOXES	1,394.93
26823	10/11/2011	CENTRAL TRANSPORT GROUP LLC	1 T3 AND 4 DS1'S	3,708.32
26824	10/11/2011	PINNACLE PUBLISHING LLC	TELEPHONE DIRECTORY-2	1,187.02
26825	10/11/2011	ROVI GUIDES	AFFILIATE PAYMENT	240.46
26826	10/11/2011	SHOWTIME NETWORKS INC	AFFILIATE PAYMENT	285.20
26827	10/11/2011	FOX SPORTS NET NORTH	AFFILIATE PAYMENT	7,219.53
26828	10/11/2011	TOWER DISTRIBUTION COMPANY	AFFILIATE PAYMENT	359.48
26829	10/11/2011	TV GUIDE NETWORKS INC	AFFILIATE PAYMENT	513.10
26830	10/11/2011	MIKES ELEC OF CROSSLAKE LLC.	OFFICE BALLASTS & BULBS	280.65
26831	10/11/2011	PAUL DAVIS	CAFE PLAN REIMBURSEMENT-BAL 189.52	102.00
26832	10/11/2011	AT&T - DALLAS TX	PARS 10/1/11 BAN 1499	351.16
26833	10/11/2011	7SIGMA SYSTEMS INC	SEPTEMBER CONSULTING	2,000.00
26834	10/11/2011	CYNTHIA PERKINS	CAFE PLAN REIMBURSEMENT	25.00
26835	10/11/2011	CROSSLAKE ACE	DRILL BITS, CONDUIT	64.92
26836	10/11/2011	NATIONAL CABLE TEL COOP INC	AFFILIATE PAYMENT	37,538.83
26837	10/11/2011	CINNAMON MUELLER	FSN & KMSP/WFTC RETRANSMISSION	830.00
26838	10/11/2011	KARE 11 TV	AFFILIATE PAYMENT	908.00
26839	10/11/2011	CALIX NETWORKS INC	724 ONT, ENCLOSURES & UPS	5,809.30
26840	10/11/2011	WASTE PARTNERS INC.	SEPTEMBER TRASH REMOVAL	75.06
26841	10/11/2011	DISCOVERY COMMUNICATIONS INC.	AFFILIATE PAYMENT	150.38
26842	10/11/2011	WEATHER CENTRAL	OCTOBER DATA FEED	195.00
26843	10/11/2011	IKON FINANCIAL SERVICES	COPIER LEASE 20 OF 60	355.68
26844	10/11/2011	NORTHLAND PRESS	SEPTEMBER AD	141.60
26845	10/11/2011	AMBASSADOR COMPANY	WAY TO GO PROGRAM	270.00
26846	10/11/2011	ZAYO BANDWIDTH	DEDICATED FAC. & BANDWIDTH BILLING	1,195.00
26847	10/11/2011	TIGER DIRECT	DRIVES FOR RESALE	476.27
26848	10/11/2011	AVNET INC	REPAIR ENCRYPTOR MODULATOR	134.46
26849	10/11/2011	4M FUND F.B.O. 35373-101	FUND DEBT SERVICE RESERVE	37,807.75
26850	10/11/2011	ONLINE INFORMATION SERVICES	4 EXCHANGE REPORTS	40.80
26851	10/11/2011	HUB TELEVISION NETWORKS, LLC	AFFILIATE PAYMENT	28.08
26852	10/11/2011	MAILFINANCE	POSTAGE METER LEASE 10/27 - 1/26	231.36
26853	10/11/2011	ONLINE COLLECTIONS	COLLECTION COMMISSION	16.66
26854	10/11/2011	BIG 10	AFFILIATE PAYMENT	1,791.60
26855	10/11/2011	TIME COMMUNICATIONS	ANSWERING SERVICE	347.49
26856	10/11/2011	COOPERATIVE NETWORK SERV LLC	LOCAL CHANNEL TRANSPORT	500.00
26857	10/11/2011	AQUARIUS WATER CONDITIONING INC.	OCT WATER SOFTENER RENTAL	44.89
26858	10/11/2011	DQ TECHNOLOGY	20 EA DSL ROUTERS	1,162.78
26859	10/11/2011	LEO & MARY PROKOTT	REFUND CREDIT BALANCE	70.74
26860	10/11/2011	KENNETH STOCKE	REFUND CREDIT BALANCE	160.89

26861	10/28/2011	IBEW LOCAL UNION 949	UNION DUES	430.09
26862	10/25/2011	MEGA HERTZ	SHIPPING CHARGES TO TEST EQUIPMENT	95.30
26863	10/25/2011	PAL FOUNDATION OF CROSSLAKE	MONSTER DASH DONATION	75.00
26864	10/25/2011	BRAINERD DAILY DISPATCH	1 YR SUBSCRIPTION RENEWAL	164.00
26865	10/25/2011	EMILY COOPERATIVE TELEPHONE	OCTOBER VIDEO TRANSPORT	3,085.00
26866	10/25/2011	MOSS & BARNETT	CHARTER TERMINATION-T-MOBILE LEASE	2,389.50
26867	10/25/2011	POWER & TELEPHONE SUPPLY	WARNING TAPE	1,060.02
26868	10/25/2011	CITY OF CROSSLAKE	4TH QUARTER SAFETY PROGRAM	73.00
26869	10/25/2011	CHR SOLUTIONS	PAYROLL SUPPORT 9/20 & 9/21	370.44
26870	10/25/2011	CENTURYLINK	10/20 ACCESS MN CSLK-20	7.56
26871	10/25/2011	XCBL ENERGY	METER CHARGES-SUNRISE & 16	54.70
26872	10/25/2011	DELTA DENTAL PLAN OF MINNESOTA	NOVEMBER DENTAL PREMIUM	1,036.80
26873	10/25/2011	LYDIA SASSE	CAFE PLAN REIMBURSEMENT	118.31
26874	10/25/2011	MN NCPERS LIFE INSURANCE	NOVEMBER LIFE PREMIUM	48.00
26875	10/25/2011	NORTHERN LAKES EMBROIDERY	SHIRTS FOR BILL	285.00
26876	10/25/2011	NATIONAL CABLE TELEVISION COOP	2 EA DCX3300 HD DUAL TUNERS	526.64
26877	10/25/2011	NEUSTAR INC.	SOW & LNP CHARGES	112.55
26878	10/25/2011	MERRILL LYNCH	SEPT VISA ACTIVITY	1,966.40
26879	10/25/2011	ASSURANT EMPLOYEE BENEFITS	NOVEMBER LONG TERM DISABILITY	387.61
26880	10/25/2011	MINNESOTA LIFE INSURANCE CO	NOVEMBER LIFE PREMIUM	201.50
26881	10/25/2011	UNIVERSAL SERVICE ADMIN CO.	OCTOBER FUSC	2,478.20
26882	10/25/2011	LIFETIME	AFFILIATE PAYMENT	881.92
26883	10/25/2011	JOAN HARRELL	CAFE PLAN REIMBURSEMENT	270.20
26884	10/25/2011	VANTAGE POINT	SEPTEMBER TTP SERVICE	210.00
26885	10/25/2011	PAUL DAVIS	CAFE PLAN REIME, - BALANCE -0-	189.52
26886	10/25/2011	CROW WING COUNTY HIGHWAY DEPT.	SEPTEMBER DIESEL & UNLEAD FUEL	1,105.12
26887	10/25/2011	CORNERSTONE PUBL GROUP INC.	OCTOBER NEWSLETTER	1,819.30
26888	10/25/2011	CYNTHIA PERKINS	CAFE PLAN REIMB - BAL 117.00	49.00
26889	10/25/2011	EQUUS COMPUTER SYSTEMS INC	NOTEBOOK FOR RESALE, PHOGE LAPTOP, 2 PCS	3,641.42
26890	10/25/2011	PAUL HOGE	MEAL-MTA CONFERENCE	20.48
26892	10/25/2011	T-MOBILE USA INC.	RECIP COMP 9/1 - 9/30	21.76
26893	10/25/2011	SOURCEONE SOLUTIONS LLC	DECONVERSION & POSTAGE	110.12
26894	10/25/2011	TIGER DIRECT	UPS FOR DEBBY'S COMPUTER, CPU FOR RESALE	447.87
26895	10/25/2011	CHERI E. AYD	OCTOBER OFFICE CLEANING	689.34
26896	10/25/2011	AVNET INC	REPAIR 2 DVR'S	244.97
26897	10/25/2011	NTCA GROUP HEALTH PLAN	NOVEMBER LIFE & HEALTH PREMIUM	12,342.40
26898	10/25/2011	NISC	OCTOBER BILLING & OTHER CHARGES	12,428.89
26899	10/25/2011	JEANETTE HORSMAN	DISCONNECT	31.46
26900	10/25/2011	STEVEN SCHERER	DISCONNECT	95.00
26901	10/25/2011	WAYNE & MARLENE PETERSON	DISCONNECT	139.00
26902	10/25/2011	ARLENE H HARREN	DISCONNECT	23.87
26903	10/25/2011	NEAL WUNDERLICH	DISCONNECT	78.37
26904	10/25/2011	LE MCFETERS	DISCONNECT	94.67
26905	10/25/2011	DEAN & DAWN STROMSBORG	DISCONNECT	10.18
26906	10/25/2011	STEVE NORBY	DISCONNECT	25.00
26907	10/25/2011	ROBERT LANGERAK	DISCONNECT	292.22
26908	10/25/2011	STEVE FISCHER	DISCONNECT	283.58
26909	10/25/2011	CHAD ANDERSON	DISCONNECT	59.22
26910	10/25/2011	IRMGARD GIESER	DISCONNECT	23.11
26911	10/25/2011	JUDITH FAIR	DISCONNECT	24.53
26912	10/25/2011	TONY & KAREN THEISEN	DISCONNECT	26.67
26913	10/25/2011	SKIN ACCENTS INC	DISCONNECT	130.76
26914	10/25/2011	BCHO PUBLISHING & PRINTING INC	FALL SPORTS & CROSSLAKE DAYS	104.00

Total for General Account

247,736.99

EXTRACT OF MINUTES OF A MEETING
OF THE CITY COUNCIL
CITY OF CROSSLAKE, MINNESOTA

HELD: December 12, 2011

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Crosslake, Crow Wing County, Minnesota, was duly called and held at the City Hall on December 12, 2011, at 7:00 P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of \$4,310,000 General Obligation Refunding Bonds, Series 2012A.

The following members were present: Mayor Schneider and Members: Swanson, Taubert, Roe and Moengen

and the following were absent: None

Member Swanson introduced the following resolution and moved its adoption:

RESOLUTION NO. 11-23

**CITY OF CROSSLAKE
COUNTY OF CROW WING
STATE OF MINNESOTA**

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$4,310,000 GENERAL
OBLIGATION REFUNDING BONDS, SERIES 2012A AND PLEDGING FOR THE
SECURITY THEREOF SPECIAL ASSESSMENTS
AND LEVYING A TAX FOR THE PAYMENT THEREOF**

A. WHEREAS, on October 25, 2011, after publication of notice of public hearing, the City of Crosslake, Minnesota (the "City"), held a hearing on the proposed issuance of general obligation capital improvement plan bonds pursuant to Minnesota Statutes, Section 475.521, Subd. 2 and adopted the Capital Improvements Plan for the years 2011 through 2015 (the "Plan"), in accordance with the provisions of Minnesota Statutes, Section 475.521, Subd. 3; and the Plan provides for refinancing the Public Works Facility (the "Facility") and all persons who wished to speak or to provide written information relative to the public hearing were afforded the opportunity to do so; and

B. WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 475.521, Subd. 2(c), the City Council hereby acknowledges that no petition signed by voters equal to five percent of the votes cast in the City in the last general election requesting a vote on the issuance of the general obligation capital improvement plan has been filed with the City Administrator within thirty days after the date the public hearing on the issuance of the general obligation capital improvement plan was held; and

C. WHEREAS, the City Council has heretofore determined that it is necessary and expedient to provide funds to acquire the Facility pursuant to a full net advance refunding of the outstanding \$3,185,000 original principal amount of Public Facility Lease Revenue Bonds,

Series 2003A (Public Works Facility) of the Economic Development Authority of the City of Crosslake, Minnesota (the "Authority") dated April 30, 2003 (the "Prior 2003A Public Facility Bonds"), as provided in the Plan; and

D. WHEREAS, the City has heretofore determined, in accordance with Minnesota Statutes, Section 475.521, Subd. 4, that the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued under Minnesota Statutes, Section 475.521, including the portion of Bonds issued to refund the Prior 2003A Public Facility Bonds, will not equal or exceed 0.16 percent of taxable market value of property of the City; and

E. WHEREAS, \$1,920,000 aggregate principal amount of the Prior 2003A Public Facility Bonds which matures on and after February 1, 2015 are callable on February 1, 2014 (the "Callable Prior 2003A Public Facility Bonds"), as provided in Revenue Bond Resolution adopted by the Board of Commissioners of the Authority on April 28, 2003 (the "Prior 2003A Public Facility Resolution"); and

F. WHEREAS, \$405,000 aggregate principal amount of the Prior 2003A Public Facility Bonds which matures on February 1, 2012 through and including February 1, 2014 (the "NonCallable Prior 2003A Public Facility Bonds", and together with the Callable Prior 2003A Public Facility Bonds, the "Refunded 2003A Public Facility Bonds"), will be paid on February 1, 2012, through and including February 1, 2014, and the payment of the Noncallable Prior 2003A Public Facility Bonds is also consistent with the covenants made with the holders of the Prior 2003A Public Facility Bonds; and

G. WHEREAS, the refunding of the Callable Prior 2003A Public Facility Bonds is consistent with covenants made with the holders of the Prior 2003A Public Facility Bonds pursuant to the Prior 2003A Public Facility Resolution; and

H. WHEREAS, the City hereby determines and declares that it is necessary and expedient to provide moneys for a crossover refunding of the City's \$2,870,000 original principal amount of General Obligation Disposal System Bonds, Series 2003A, dated June 4, 2003 (the "Prior 2003A Disposal System Bonds"), which mature on and after February 1, 2015; and

I. WHEREAS, \$1,775,000 aggregate principal amount of the Prior 2003A Disposal System Bonds which matures on and after February 1, 2015, is callable on February 1, 2014 (the "Refunded 2003A Disposal System Bonds"), at a price of par plus accrued interest, as provided in the Resolution adopted by the City Council on May 12, 2003, authorizing the issuance of the Prior 2003A Disposal System Bonds (the "Prior 2003A Disposal System Bonds Resolution"); and

J. WHEREAS, the crossover refunding of the Refunded 2003A Disposal System Bonds on February 1, 2014 (the "Crossover Date") is consistent with covenants made with the holders thereof, and is necessary and desirable for the reduction of debt service cost to the City; and

K. WHEREAS, the City hereby determines and declares that it is necessary and expedient to provide moneys for a current refunding of the City's \$1,095,000 original principal

amount of General Obligation Improvement Bonds, Series 2004A, dated December 29, 2004 (the "Prior 2004A Improvement Bonds"), which mature on and after February 1, 2012; and

L. WHEREAS, \$500,000 aggregate principal amount of the Prior 2004A Improvement Bonds, which matures on and after February 1, 2012, is callable on February 1, 2011 and any date thereafter (the "Refunded 2004A Improvement Bonds"), at a price of par plus accrued interest, as provided in the Resolution adopted by the City Council on December 6, 2004, authorizing the issuance of the Prior 2004A Improvement Bonds (the "Prior 2004A Improvement Bonds Resolution"); and

M. WHEREAS, the current refunding of the Refunded 2004A Improvement Bonds on January 18, 2012 (the "January 18, 2012 Call Date") is consistent with the covenants made with the holder thereof, and is necessary and desirable for the reduction of debt service cost to the City; and

N. WHEREAS, the Prior 2003A Public Facility Bonds were issued for the purpose of the acquisition and construction of a Facility, the Prior 2003A Disposal System Bonds were issued for the purpose of providing money to finance the construction of various improvements to the municipal sanitary sewer system (the "Disposal System Project") and the Prior 2004A Improvement Bonds were issued to finance various improvement projects in the City (the "Improvement Project", and with the Disposal System Project and the Facility, the "Project"); and

O. WHEREAS, the Prior 2003A Public Facility Bonds, the Prior 2003A Disposal System Bonds, and the Prior 2004A Improvement Bonds are sometimes referred to herein together as the "Prior Bonds"; the Refunded 2003A Public Facility Bonds, the Refunded 2003A Disposal System Bonds, and the Refunded 2004A Improvement Bonds are sometimes referred to herein together as the "Refunded Bonds"; and the Prior 2003A Public Facility Bonds Resolution, the Prior 2003A Disposal System Bonds Resolution, and the Prior 2004A Improvement Bonds Resolution are sometimes referred to herein together as the "Prior Resolutions"; and

P. WHEREAS, the City Council hereby determines and declares that it is necessary and expedient to issue \$4,310,000 General Obligation Refunding Bonds, Series 2012A (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapter 475, to provide moneys for (i) a full net advance refunding of the Prior 2003A Public Facility Bonds; (ii) a crossover refunding of the Prior 2003A Disposal System Bonds; and (iii) a current refunding of the Prior 2004A Improvement Bonds; and

Q. WHEREAS, the City has retained Blue Rose Capital Advisors, Inc., in Minneapolis, Minnesota, as its independent financial advisor for the sale of the Bonds, and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 473.60, Subdivision 2(9); and

R. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Crosslake, Minnesota, as follows:

1. Acceptance of Offer. The offer of Northland Securities, Inc. (the "Purchaser"), to purchase the Bonds in accordance with the terms and at the rates of interest hereinafter set forth, and to pay therefor the sum of \$4,321,169.75, plus interest accrued to settlement, is hereby accepted.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities. The Bonds shall dated January 1, 2012, as the date of original issue, shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations") and shall mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2013	\$290,000	2019	\$375,000
2014	305,000	2020	385,000
2015	475,000	2021	390,000
2016	350,000	2022	400,000
2017	360,000	2023	410,000
2018	365,000	2024	205,000

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Allocation of Bonds and Prepayments to Portions of Debt Service. Bonds in the aggregate principal amount of \$2,070,000 maturing in each of the years and amounts hereinafter set forth are allocable to the costs of full net advance refunding of the Refunded 2003A Public Facility Bonds (the "Public Facility Refunding Portion"). Bonds in the aggregate principal amount of \$1,855,000 maturing in each of the years and amounts hereinafter set forth are allocable to the costs of crossover refunding the Refunded 2003A Disposal System Bonds (the "Disposal System Refunding Portion"). Bonds in the aggregate principal amount of \$385,000 maturing in each of the years and amounts hereinafter set forth are allocable to the costs of current refunding the Refunded 2004A Improvement Bonds (the "Improvement Refunding Portion");

<u>Year</u>	<u>Public Facility Refunding Portion</u>	<u>Disposal System Refunding Portion (Amount)</u>	<u>Improvement Refunding Portion (Amount)</u>	<u>Total Amount</u>
2013	\$165,000		\$125,000	\$290,000
2014	175,000		130,000	305,000
2015	175,000	\$170,000	130,000	475,000
2016	180,000	170,000		350,000
2017	185,000	175,000		360,000
2018	190,000	175,000		365,000
2019	190,000	185,000		375,000
2020	195,000	190,000		385,000
2021	200,000	190,000		390,000
2022	205,000	195,000		400,000
2023	210,000	200,000		410,000
2024		205,000		205,000

If Bonds are prepaid, the prepayments shall be allocated to the portions of debt service (and hence allocated to the payment of Bonds treated as relating to a particular portion of debt service) as provided in this paragraph. If the source of prepayment moneys is the general fund of the City, or other generally available source, the prepayment may be allocated to any or all of the portions of debt service in such amounts as the City shall determine. If the source of a prepayment is taxes pledged to the Prior 2003A Public Facility Bonds, the prepayment shall be allocated to the Public Facility Refunding Portion of the Bonds. If the source of a prepayment is special assessments or taxes pledged to the Prior 2003A Disposal System Bonds, the prepayment shall be allocated to the Disposal System Refunding Portion of debt service. If the source of a prepayment is taxes pledged to the Prior 2004A Improvement Bonds, the prepayment shall be allocated to the Improvement Refunding Portion of debt service.

(c) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial

institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.

(vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and

shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.

(ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(x) In the case of a partial prepayment of a Bond, the Holder may, in lieu of surrendering the Bonds for a Bond of a lesser denomination as provided in paragraph 5 hereof, make a notation of the reduction in principal amount on the panel provided on the Bond stating the amount so redeemed.

(d) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (c) shall limit or restrict the provisions of paragraph 10.

(e) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose; Refunding Findings. The Bonds shall provide funds for a (i) full net advance refunding of the Prior 2003A Public Facility Bonds; (ii) crossover refunding of the Prior 2003A Disposal System Bonds; and (iii) current refunding of the Prior 2004A Improvement Bonds (the "Refunding"). It is hereby found, determined and declared that the refunding of the Prior 2003A Disposal System Bonds is pursuant to Minnesota Statutes, Section 475.67, Subdivision 13, and as of the Crossover Date, shall result in a reduction of the present value of the dollar amount of the debt service to the City from a total dollar amount of \$2,070,701.83 for the Prior 2003A Disposal System Bonds to a total dollar amount of \$1,946,183.05 for the Disposal System Refunding Portion of the Bonds; computed in accordance with the provisions of Minnesota Statutes, Section 475.67, Subdivision 12, and accordingly the dollar amount of such present value of the debt service for the Disposal System Refunding Portion of the Bonds is lower by at least three percent than the dollar amount of such present value of the debt service for the Prior 2003A Disposal System Bonds, respectively, as required in Minnesota Statutes, Section 475.67, Subdivision 12. It is hereby found, determined and declared that the refunding of the Prior 2003A Public Facility Bonds is pursuant to Minnesota Statutes, Section 475.67, Subdivision 13, and as of February 1, 2014, shall result in a reduction of the present value of the dollar amount of the debt service to the City from a total dollar amount of \$2,930,832.00 for the Prior 2003A Public Facility Bonds to a total dollar amount of \$2,729,401.49 for the Public Facility Refunding Portion of the Bonds; computed in accordance with the provisions of Minnesota Statutes, Section 475.67, Subdivision 12, and accordingly the dollar amount of such present value of the debt service for the Public Facility Refunding Portion of the Bonds is lower by at least three percent than the dollar amount of such present value of the debt service for the Prior 2003A Public Facility Bonds, respectively, as required in Minnesota Statutes, Section 475.67, Subdivision 12.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2012, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Interest Rate</u>
2013	2.00%	2019	2.00%
2014	2.00	2020	2.00
2015	2.00	2021	2.10
2016	2.00	2022	2.25
2017	2.00	2023	2.40
2018	2.00	2024	2.55

The maximum annual principal and interest on the Public Facility Refunding Portion of the Bonds (\$215,352.50), is less than 0.16% of the taxable market value of the City (\$1,333,400,900).

5. Redemption. Bonds maturing on February 1, 2020, and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2019, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of the Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of the Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Northland Trust Services, Inc., in Minneapolis, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CROW WING COUNTY
CITY OF CROSSLAKE

R-_____

\$_____

GENERAL OBLIGATION REFUNDING BOND, SERIES 2012A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1,	January 1, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Crosslake, Crow Wing County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for prior payment, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2012, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Northland Trust Services, Inc., in Minneapolis, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. The Bonds of this issue (the "Bonds") maturing on February 1, 2020, and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2019, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of the Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$4,310,000, all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on December 12, 2011 (the "Resolution"), for the purpose of providing funds for a refunding of certain outstanding bonds of the Issuer. This Bond is payable out of the Escrow Account and the Debt Service Account established pursuant to the Resolution. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Crosslake, Crow Wing County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

This Bond is one of the Bonds
described in the Resolution
mentioned within.

Northland Trust Services, Inc.
Minneapolis, Minnesota
Bond Registrar

By _____
Authorized Signature

Registrable by: NORTHLAND TRUST SERVICES,
INC.

Payable at: NORTHLAND TRUST SERVICES,
INC.

CITY OF CROSSLAKE,
CROW WING COUNTY, MINNESOTA

/s/ Facsimile

Mayor

/s/ Facsimile

Administrator

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UTMA - _____ as custodian for _____
 (Cust) _____ (Minor) _____
 under the _____ Uniform Transfers to Minors Act
 (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address:

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on such Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of January 1, 2012. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or his, her or its attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Administrator is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Administrator to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Funds; Accounts and Subaccounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Refunding Bonds, Series 2012A

Fund" (the "Fund") to be administered and maintained by the Administrator as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until the Bonds and the interest thereon shall have been fully paid. The Administrator and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established and maintained the following separate accounts, for the purposes as follows:

(a) Payment Account. The proceeds of the Improvement Refunding Portion of the Bonds, less a proportionate share of accrued interest shall be deposited in the Payment Account. On or prior to the January 18, 2012 Call Date, the Treasurer shall transfer \$384,357.76 of the proceeds of the Improvement Refunding Portion of the Bonds from the Payment Account to the paying agent for the Prior 2004A Improvement Bonds. This sum is sufficient, together with other funds on deposit in debt service funds for the Refunded 2004A Improvement Bonds, to pay the principal and interest due on the Refunded 2004A Improvement Bonds after the January 18, 2012 Call Date, including the principal of the Refunded 2004A Improvement Bonds called for redemption on that date. Any monies remaining in the Payment Account after payment of all costs of issuance and payment of the Refunded 2004A Improvement Bonds shall be transferred to the Debt Service Account.

(b) Escrow Account. The Escrow Account shall be maintained as an escrow account with Northland Trust Services, Inc. (the "Escrow Agent"), in Minneapolis, Minnesota, which is a suitable financial institution within or without the State. All proceeds of the sale of the Public Facility Refunding Portion of the Bonds and the Disposal System Portion of the Bonds shall be received by the Escrow Agent and applied to fund the Escrow Account or to pay costs of issuing the Bonds. Proceeds of the Bonds not used to pay costs of issuance or returned to the City are hereby irrevocably pledged and appropriated to the Escrow Account, together with all investment earnings thereon. The Escrow Account shall be invested in securities maturing or callable at the option of the holder on such dates and bearing interest at such rates as shall be required to provide sufficient funds, together with any cash or other funds retained in the Escrow Account (i) to pay when due the accrued interest and the principal amount of outstanding Prior 2003A Public Facility Bonds to maturity or to the date called for redemption and to pay any premium required for redemption, (ii) to pay when due the interest to accrue on the Disposal System Refunding Portion of the Bonds to and including the Crossover Date; and (iii) to pay when called for redemption on the Crossover Date, the principal amount of the Disposal System Refunding Portion of the Bonds. The Escrow Account shall be irrevocably appropriated to the payment of (i) all interest on the Disposal System Refunding Portion of the Bonds to and including the Crossover Date, (ii) the principal of the Disposal System Refunding Portion of the Bonds due by reason of their call for redemption on the Crossover Date, and (iii) the interest and the principal amount of the Noncallable and Callable Prior 2003A Public Facility Bonds. The moneys in the Escrow Account shall be used solely for the purposes herein set forth and for no other purpose, except that any surplus in the Escrow Account may be remitted to the City, all in accordance with the Escrow Agreement, by and between the City and Escrow Agent (the "Escrow Agreement"), a form of which is on file in the office of the City Administrator. Any moneys remitted to the City pursuant to the Escrow Agreement shall be deposited in the Debt Service Account.

(c) Debt Service Account. There shall be maintained the following separate subaccounts in the Debt Service Account to be designated the "Disposal System Debt Service Account", the "Improvement Debt Service Subaccount", and the "Public Facility Debt Service Subaccount". There are hereby irrevocably appropriated and pledged to, and there shall be credited to the separate subaccounts of the Debt Service Account:

(i) Disposal System Debt Service Subaccount. To the Disposal System Debt Service Subaccount there is hereby pledged and irrevocably appropriated and there shall be credited: (1) any collections of all taxes heretofore or hereafter levied for the payment of the Prior 2003A Disposal System Bonds and interest thereon which are not needed to pay the Prior 2003A Disposal System Bonds as a result of the Refunding; (3) any sums remitted to the City pursuant to the Escrow Agreement; (4) any funds remaining after the Crossover Date in the Debt Service Account established by the Prior 2003A Disposal System Bonds Resolution; (5) all investment earnings on funds in the Disposal System Debt Service Subaccount; and (6) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Disposal System Debt Service Subaccount. The amount of any surplus remaining in the Disposal System Debt Service Subaccount when the Disposal System Refunding Portion of the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4. The moneys in the Disposal System Debt Service Subaccount shall be used solely to pay the principal of and interest on the Disposal System Refunding Portion of the Bonds or any other bonds hereafter issued and made payable from the Fund.

(ii) Improvement Debt Service Subaccount. To the Improvement Debt Service Subaccount there is hereby pledged and irrevocably appropriated and there shall be credited: (1) a proportionate share of accrued interest received upon delivery of the Improvement Refunding Portion of the Bonds; (2) any balance remaining after the January 18, 2012 Call Date, in the Prior 2004A Debt Service Account created by the Prior 2004A Resolution; (3) any uncollected special assessments which were heretofore pledged to the payment of the Refunded 2004A Improvement Bonds and are herein pledged for the payment of the Improvement Refunding Portion of the Bonds; (4) any uncollected taxes which were heretofore pledged for the payment of the Prior 2004A Improvement Bonds and are herein pledged for the payment of the Improvement Refunding Portion of the Bonds; (5) all investment earnings on funds in the Improvement Debt Service Subaccount; and (6) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Improvement Debt Service Subaccount. The amount of any surplus remaining in the Improvement Debt Service Subaccount when the Improvement Refunding Portion of the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4. The moneys in the Improvement Debt Service Subaccount shall be used solely to pay the principal of and interest on the Improvement Refunding Portion of the Bonds or any other bonds hereafter issued and made payable from the Fund.

(iii) Public Facility Debt Service Subaccount. To the Public Facility Debt Service Subaccount there is hereby pledged and irrevocably appropriated and there shall be credited: (1) any collections of all taxes heretofore or hereafter levied for the payment of the Public Facility Refunding Portion of the Bonds and interest thereon; (2) a

proportionate share of accrued interest and any sums remitted to the City pursuant to the Escrow Agreement; (3) after February 1, 2014, any unexpended moneys in the Series 2003A Public Facility Lease Revenue Bond Fund created by the Prior 2003A Public Facility Resolution; (4) any money remaining in the 2003A Public Facility Lease Revenue Bonds Reserve Fund created by the Prior 2003A Public Facility Resolution; (5) all investment earnings on funds in the Public Facility Debt Service Subaccount; and (6) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Public Facility Debt Service Subaccount. The amount of any surplus remaining in the Public Facility Debt Service Subaccount when the Public Facilities Refunding Portion of the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4. The moneys in the Public Facility Debt Service Subaccount shall be used solely to pay the principal of and interest on the Public Facility Refunding Portion of the Bonds or any other bonds hereafter issued and made payable from the Fund.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (a) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (b) in addition to the above, in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Fund (or any other City account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

16. Covenants Relating to the Disposal System Refunding Portion of the Bonds.

(a) To provide moneys for payment of the principal and interest on the Disposal System Refunding Portion of the Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

Levy Years	Collection Years	Amount
	See attached	
	schedule	

The tax levies are such that if collected in full they will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the

Disposal System Refunding Portion of the Bonds. The tax levies shall be irrevocable so long as any of the Disposal System Refunding Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

Upon payment of the Refunded 2003A Disposal System Bonds, the taxes levied by the Prior 2003A Disposal System Bonds Resolution in the years 2012 through 2022 for collection in the years 2013 through 2023 shall be canceled.

(b) General Obligation Pledge. For the prompt and full payment of the principal and interest on the Disposal System Refunding Portion of the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Escrow Account or the Disposal System Debt Service Subaccount is ever insufficient to pay all principal and interest then due on the Disposal System Refunding Portion of the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Disposal System Debt Service Subaccount when a sufficient balance is available therein.

17. Covenants Relating to the Improvement Refunding Portion of the Bonds.

(a) Special Assessments. The City has heretofore levied special assessments pursuant to the Prior 2004A Improvement Bonds Resolution, which were pledged to the payment of the principal and interest on the Prior 2004A Improvement Bonds and, after the Crossover Date, the uncollected special assessments for the Prior 2004A Improvement Bonds are now pledged to the payment of principal and interest on the Improvement Refunding Portion of the Bonds. The special assessments are such that if collected in full they, together with estimated collections of taxes herein pledged for the payment of the Improvement Refunding Portion of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Improvement Refunding Portion of the Bonds. The special assessments were levied as provided below, payable in equal, consecutive, annual installments, with general taxes for the years shown below and with interest on the declining balance of all such assessments at the rate shown opposite such years:

<u>Improvement Designations</u>	<u>Amounts</u>	<u>Interest Rate</u>	<u>Collection Years</u>
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See attached schedule

(b) Tax Levy; Coverage Test. To provide moneys for payment of the principal and interest on the Improvement Portion of the Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
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See attached schedule

The tax levies are such that if collected in full they, together with other revenues herein pledged for the payment of the Improvement Refunding Portion of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Improvement Refunding Portion of the Bonds. The tax levies shall be irrepairable so long as any of the Improvement Refunding Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

Upon payment of the Refunded 2004A Improvement Bonds, the taxes levied by the Prior 2004A Improvement Bond Resolution in the years 2012 through 2013 for collection in the years 2013 through 2014 shall be canceled.

(c) General Obligation Pledge. For the prompt and full payment of the principal and interest on the Improvement Refunding Portion of the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Improvement Debt Service Subaccount is ever insufficient to pay all principal and interest then due on the Improvement Refunding Portion of the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Improvement Debt Service Subaccount when a sufficient balance is available therein.

18. Covenants Relating to the Public Facility Refunding Portion of the Bonds.

(a) Tax Levy; Coverage Test. To provide moneys for payment of the principal and interest on the Public Facility Refunding Portion of the Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
See Attached Schedule		

The tax levies are such that if collected in full they, together with other revenues herein pledged for the payment of the Public Facility Refunding Portion of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Public Facility Refunding Portion of the Bonds. The tax levies shall be irrepairable so long as any of the Public Facility Refunding Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

(b) General Obligation Pledge. For the prompt and full payment of the principal and interest on the Public Facility Refunding Portion of the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Escrow Account or the Public Facility Debt Service Subaccount is ever insufficient to pay all principal and interest then due on the Public Facility Refunding

Portion of the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Escrow Account or the Public Facility Debt Service Subaccount when a sufficient balance is available therein.

19. Securities; Escrow Agent. Securities purchased from moneys in the Escrow Account shall be limited to securities set forth in Minnesota Statutes, Section 475.67, Subdivision 8, and any amendments or supplements thereto. Securities purchased from the Escrow Account shall be purchased simultaneously with the delivery of the Bonds. The City Council has investigated the facts and hereby finds and determines that the Escrow Agent is a suitable financial institution to act as escrow agent.

20. Escrow Agreement. On or prior to the delivery of the Bonds the Mayor and Administrator shall, and are hereby authorized and directed to, execute on behalf of the City the Escrow Agreement. The Escrow Agreement is hereby approved and adopted and made a part of this resolution, and the City covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

21. Purchase of SLGS or Open Market Securities. The Purchaser, as its designee, as agent for the City, is hereby authorized and directed to purchase on behalf of the City and in its name the appropriate United States Treasury Securities, State and Local Government Series and/or open market securities as provided in paragraph 19, from the proceeds of the Bonds and, to the extent necessary, other available funds, all in accordance with the provisions of this resolution and the Escrow Agreement and to execute all such documents (including the appropriate subscription form) required to effect such purchase in accordance with the applicable U.S. Treasury Regulations.

22. Redemption of Refunded Bonds. The Administrator is hereby authorized and directed to give mailed notice of redemption prior to the January 18, 2012 Call Date, to the paying agent for the Prior 2004A Improvement Bonds in substantially the form attached hereto as Exhibit A, which terms and conditions are hereby approved and incorporated herein by reference. The Callable Prior 2003A Public Facility Bonds and the Refunded 2003A Disposal System Bonds shall be redeemed and prepaid in accordance with the terms and conditions set forth in the Notices of Call for Redemption, in substantially the form attached to the Escrow Agreement, which terms and conditions are hereby approved and incorporated herein by reference.

23. Prior Bonds; Security. Until retirement of the Prior Bonds, all provisions theretofore made for the security thereof shall be observed by the City and all of its officers and agents.

24. Supplemental Resolution. The Prior Resolutions are hereby supplemented to the extent necessary to give effect to the provisions of this resolution.

25. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with

respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

26. Certificate of Registration. A certified copy of this resolution is hereby directed to be filed with the County Auditor of Crow Wing County, Minnesota, together with such other information as the County Auditor shall require, and to obtain from the County Auditor a certificate that the Bonds have been entered in the County Auditor's Bond Register.

27. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

28. Negative Covenant as to Use of Proceeds and Projects. The City hereby covenants not to use the proceeds of the Bonds or to use the Projects financed by the Prior Bonds, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Projects, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

29. Tax-Exempt Status of the Public Facility Refunding Portion of the Bonds and the Disposal System Refunding Portion of the Bonds; Rebate. With respect to the Public Facility Refunding Portion of the Bonds and the Disposal System Refunding Portion of the Bonds, the City is subject to the rebate requirement imposed by Section 148(f) of the Code because the Refunded 2003A Public Facility Bonds and the Refunded 2003A Disposal System Bonds did not qualify for the small issuer exception from rebate, as provided in Section 148(f)(4)(D) of the Code and Section 1.148-8 of the Regulations.

30. Tax-Exempt Status of the Improvement Refunding Portion of the Bonds; Rebate. With respect to the Improvement Refunding Portion of the Bonds, the City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Improvement Refunding Portion of the Bonds,

and (iii) the rebate of excess investment earnings to the United States, if the Improvement Refunding Portion of the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small issuer exception amount of \$5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that:

(a) the Improvement Refunding Portion of the Bonds are issued by a governmental unit with general taxing powers;

(b) no portion of the Improvement Refunding Portion of the Bond is a private activity bond;

(c) ninety-five percent or more of the net proceeds of the Improvement Refunding Portion of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and

(d) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Improvement Refunding Portion of the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

(e) there shall not be taken into account for purposes of said \$5,000,000 limit any bond issued to refund (other than to advance refund) any bond to the extent the amount of the refunding bond does not exceed the outstanding amount of the refunded bond;

(f) the aggregate face amount of the Bonds does not exceed \$5,000,000;

(g) each of the Refunded 2004A Improvement Bonds was issued as part of an issue which was treated as meeting the rebate requirements by reason of the exception for governmental units issuing \$5,000,000 or less of bonds;

(h) the average maturity of the Improvement Refunding Portion of the Bonds does not exceed the average maturity of the Refunded 2004A Improvement Bonds;

(i) no part of the Improvement Refunding Portion of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded 2004A Improvement Bonds were issued;

31. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

(a) the Bonds are issued after August 7, 1986;

(b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2012 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2012 have been designated for purposes of Section 265(b)(3) of the Code; and

(f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

Furthermore, with respect to the Improvement Refunding Portion of the Bonds:

(g) each of the Refunded 2004A Improvement Bonds was designated as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code;

(h) the average maturity of the Improvement Refunding Portion of the Bonds does not exceed the remaining average maturity of the Refunded 2004A Improvement Bonds;

(i) no part of the Improvement Refunding Portion of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded 2004A Improvement Bonds were issued; and

(j) the Improvement Refunding Portion of the Bonds is issued to refund, and not to "advance refund" the Prior 2004A Improvement Bonds within the meaning of Section 149(d)(5) of the Code, and shall not be taken into account under the \$10,000,000 issuance limit to the extent the Prior 2004A Improvement Refunding Portion of the Bonds do not exceed the outstanding amount of the Prior 2004A Improvement Bonds.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

32. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such amendment.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Administrator of the City, or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

33. Purchase of Facility. The City hereby elects to exercise its option under Section 4.6 of the Lease Agreement With Option to Purchase between the Authority, as Lessor, and the City, as Lessee, dated as of April 30, 2003 (the "Lease") to prepay the Purchase Option Price (as defined in the Lease) and deposit funds sufficient to defease the outstanding Prior 2003A Public Facility Bonds as provided in the Escrow Agreement.

34. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

35. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Moengen and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Mayor Schneider and Members: Swanson, Taubert, Roe and Moengen

and the following voted against the same: None

whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF CROW WING
CITY OF CROSSLAKE

I, the undersigned, being the duly qualified and acting Administrator of the City of Crosslake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to providing for the issuance and sale of \$4,310,000 General Obligation Refunding Bonds, Series 2012A.

WITNESS my hand on December 12, 2011.

/s/ Tom Swenson, City Administrator

**ATTACHMENT TO RESOLUTION FOR THE CITY OF CROSSLAKE
\$4,310,000 General Obligation Refunding Bonds, Series 2012A**

**Exhibit for Section 16.(a)
CITY OF CROSS LAKE, MINNESOTA
2003 DISPOSAL BONDS
\$1,855,000 Par Issued
Tax Levies - 2012, Series A**

<i>Levy</i>	<i>Collection</i>	<i>Tax</i>
<i>Year</i>	<i>Year</i>	<i>Levy</i>
2011	2012	220,400
2012	2013	221,000
2013	2014	221,000
2014	2015	221,000
2015	2016	221,000
2016	2017	221,000
2017	2018	221,000
2018	2019	221,000
2019	2020	221,000
2020	2021	221,000
2021	2022	221,000
2022	2023	222,100
		2,652,500

**Exhibit for Section 17. (a)
CITY OF CROSS LAKE, MINNESOTA
2004-A IMPROVEMENT BONDS
\$385,000 Par Issued
Tax Levies - 2012, Series A**

<i>Levy</i>	<i>Collection</i>	<i>Tax</i>
<i>Year</i>	<i>Year</i>	<i>Levy</i>
2011	2012	109,046
2012	2013	109,000
2013	2014	108,000
2014	2015	
2015	2016	
2016	2017	
2017	2018	
2018	2019	
2019	2020	
2020	2021	
2021	2022	
2022	2023	
		326,046

**Exhibit for Section 17. (b)
CITY OF CROSS LAKE, MINNESOTA
2004-A IMPROVEMENT BONDS
\$385,000 Par Issued
Special Assessments - 2012, Series A**

<i>Levy</i>	<i>Collection</i>	<i>Tax</i>
<i>Year</i>	<i>Year</i>	<i>Levy</i>
2011	2012	20,251
2012	2013	20,251
2013	2014	20,251
2014	2015	
2015	2016	
2016	2017	
2017	2018	
2018	2019	
2019	2020	
2020	2021	
2021	2022	
2022	2023	
		60,753

6.25%

**Exhibit for Section 18. (a)
CITY OF CROSS LAKE, MINNESOTA
2003-A LEASE REVENUE BONDS
\$2,070,000 Par Issued
Tax Levies - 2012, Series A**

<i>Levy</i>	<i>Collection</i>	<i>Tax</i>
<i>Year</i>	<i>Year</i>	<i>Levy</i>
2011	2012	239,500
2012	2013	235,000
2013	2014	235,000
2014	2015	235,000
2015	2016	235,000
2016	2017	235,000
2017	2018	235,000
2018	2019	235,000
2019	2020	235,000
2020	2021	235,000
2021	2022	235,000
2,022	2023	
		2,589,500

**ATTACHMENT TO RESOLUTION FOR THE CITY OF CROSSLAKE
\$4,310,000 General Obligation Refunding Bonds, Series 2012A**

Total Tax Levies Series A

Levy	Collection	Tax
Year	Year	Levy
2011	2012	568,946
2012	2013	565,000
2013	2014	564,000
2014	2015	456,000
2015	2016	456,000
2016	2017	456,000
2017	2018	456,000
2018	2019	456,000
2019	2020	456,000
2020	2021	456,000
2021	2022	456,000
2022	2023	222,100
		5,347,046

**Special Assessments
Series A**

Levy	Collection	Assessmts
Year	Year	6.25%
2011	2012	20,251
2012	2013	20,251
2013	2014	20,251
2014	2015	
2015	2016	
2016	2017	
2017	2018	
2018	2019	
2019	2020	
2020	2021	
2021	2022	
2022	2023	
		60,753

EXHIBIT A

NOTICE OF CALL FOR REDEMPTION

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2004A
CITY OF CROSSLAKE, CROW WING COUNTY, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Crosslake, Crow Wing County, Minnesota, there have been called for redemption and prepayment on

January 18, 2012

those outstanding bonds of the City designated as General Obligation Improvement Bonds, Series 2004A, dated as of December 29, 2004, having stated maturity dates, in the years 2012 through 2015, and totaling \$500,000 in principal amount and having CUSIP numbers listed below:

Year	CUSIP Number*
2012	227639 CV1
2013	227639 CW9
2014	227639 CX7
2015	227639 CY5

The bonds are being called at a price of par plus accrued interest to January 18, 2012, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment, at Bond Trust Services, 3060 Centre Pointe Drive, Roseville, MN 55113.

Dated: December 12, 2011

BY ORDER OF THE CITY COUNCIL

/s/ Tom Swenson, City Administrator

*The City shall not be responsible for the selection of or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the notice. They are included solely for the convenience of the holders.